

If a dealer takes a trade-in from a retail customer as part of the sale of a motor vehicle and there is an outstanding loan balance owing on the trade-in, the dealer must, within 7 days, notify the lien holder in writing that the vehicle has been traded in. The dealer is required by Utah law to pay the lien holder for the trade-in vehicle ([41-3-402 UCA](#)) either:

- within 21 calendar days of the date of sale, or
- within 15 days of receiving payment in full for the motor vehicle it sold, whichever date is earlier.

Questions and Answers

What obligation does the dealer have if the sale is rescinded and the trade-in vehicle is returned to the customer?

When a sale is rescinded, the dealer, within five calendar days after the rescission, must notify the lien holder in writing that the sale has been rescinded and the trade-in vehicle has been returned to the customer.

What obligation does the dealer have if the payoff is higher than what the dealer agreed to pay on the contract of sale?

If the high payoff is the result of the dealer not paying the vehicle off within 21 days, the dealer is responsible for the additional amount. If the high payoff is the fault of the customer or a result of an error when the lien holder quoted the payoff, the additional amount due is the responsibility of the customer. If the trade-in vehicle has been resold the dealer may have to make the higher payoff to avoid a complaint from the purchaser for failure to deliver title and then take legal steps to obtain the additional amount owed from the customer who traded in the vehicle.

More questions? Email: mved@utah.gov , or direct telephone calls and correspondence regarding lien holder payoffs to:

Motor Vehicle Information
210 N 1950 W
Salt Lake City, Utah 84134

Paying off the Loan on Your Trade-in Vehicle

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Phone: 801-297-7780